

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Genesee	County Genesee
Audit Date 12/31/05	Opinion Date 3/24/06	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

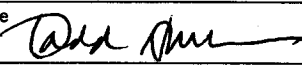
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
* Single Audit Reports (ASLGU).		✓	

Certified Public Accountant (Firm Name) Plante & Moran, PLLC			
Street Address 111 East Court Street, Suite 1A	City Flint	State MI	ZIP 48502
Accountant Signature 		Date 4/22/06	

**Charter Township of Genesee
Michigan**

**Report on Schedule of Financial Assistance in
Accordance with OMB Circular A-133**

December 31, 2005

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Independent Auditors' Report

To Members of the Board
Charter Township of Genesee
Genesee County, Michigan

We have audited the financial statements of the governmental activities, business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Genesee as of and for the year ended December 31, 2005, which collectively comprise the Charter Township of Genesee's basic financial statements, and have issued our report thereon dated March 24, 2006. Those basic financial statements are the responsibility of the management of the Charter Township of Genesee. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Charter Township of Genesee as a whole. The accompanying schedule of expenditures of federal financial awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

March 24, 2006

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Audit Standards*

To Members of the Board
Charter Township of Genesee
Genesee County, Michigan

We have audited the financial statements of the governmental activities, business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Genesee as of and for the year ended December 31, 2005, which collectively comprise the Charter Township of Genesee's basic financial statements, and have issued our report thereon dated March 24, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Genesee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Genesee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

March 24, 2006

Report on Compliance with Requirements Applicable to Each Major Program
and Internal Control Over Compliance in Accordance with OMB Circular A-133

To Members of the Board
Charter Township of Genesee
Genesee County, Michigan

Compliance

We have audited the compliance of the Charter Township of Genesee with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2005. The major federal programs of the Charter Township of Genesee are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Charter Township of Genesee's management. Our responsibility is to express an opinion on the Charter Township of Genesee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Genesee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of Genesee's compliance with those requirements.

In our opinion, the Charter Township of Genesee complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2005.

Internal Control over Compliance

The management of the Charter Township of Genesee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of Genesee's internal control over compliance with requirements that could have direct and

material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level risk that noncompliance with applicable requirements of laws, regulations, contracts, and grant caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board and management, and is not intended to be and should not be used by anyone other than these specified parties

Plante & Moran, PLLC

March 24, 2006

**Charter Township of Genesee
Schedule of Expenditures of Federal Financial Awards
Year Ended December 31, 2005**

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Accrued Expenditures For Year Ended 6/30/05 ⁽²⁾</u>
Department of Housing and Urban Development		
Indirect Program:		
Passed through Genesee County:		
Community Development Block Grant	14.218*	\$343,027
Home Investment Partnership Program	14.239	37,806
Department of Health and Human Services:		
Passed through Valley Area Agency on Aging		
Special Programs for the Aging	93.044	20,152
Department of Justice		
Direct Programs:		
Local Law Enforcement Block Grant	16.592	6,920
Indirect Programs:		
Passed through the State of Michigan		
Bryne Memorial - FANG	16.579	205,574
Department of Homeland Security:		
Direct Program:		
State Domestic Preparedness Equipment		
Support Program	83.554	8,958
State Domestic Preparedness Equipment		
Support Program	97.044	<u>21,472</u>
Total federal assistance		<u>\$643,909</u>

* Deemed a major program on a combined CFDA number basis.

See notes to the schedule of expenditures of federal financial awards.

Charter Township of Genesee, Michigan
Notes to the Schedule of Expenditures of Federal Financial Awards
Year Ended December 31, 2005

- (1) The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of Genesee and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
- (2) "Expenditures" include all accrual basis federal expenditures that result in the receipt of federal monies associated with the project as well as expenditures of program income.

**Charter Township of Genesee
Schedule of Findings and Questioned Costs
Year Ended December 31, 2005**

Section I

Part I

1. Did the auditee expend more than \$25,000,000
in federal awards during the fiscal year? Yes X No
2. If answer to question 1 was yes, indicate which
federal agency provided the predominant amount
of direct funding. _____

Part II – Financial Statements

Type of auditor's report issued: Unqualified

Going concern explanatory paragraph included Yes X No

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are
not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements
noted? Yes X No

Findings related to the financial statements reported in accordance with *Governmental Auditing Standards*: None

Part III – Federal Programs

Type of auditor's report issued on compliance
for major programs: Unqualified

Does the auditor's report include a statement
that the auditee's financial statements include
departments, agencies, or other organizational
units expending greater than \$500,000 in Federal
awards that have separate A-133 audits which are
not included in this audit? Yes X No

Dollar threshold used to distinguish
between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee Yes X No

**Charter Township of Genesee
Schedule of Findings and Questioned Costs (continued)
Year Ended December 31, 2005**

Section I – (continued)

Part III – Federal Programs – (continued)

Is a reportable condition disclosed for any major program? Yes X No

Is any reportable condition reported as a material weakness? Yes X No

Are any known questioned costs reported? Yes X No

Was a Summary Schedule of Prior Audits Findings Prepared? Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

14.218

Community Development Block Grant

Section II

Findings relating to the financial statements reported in accordance with *Governmental Auditing Standards* that are considered to be reportable conditions:

None

Section III

Findings and questioned costs related to federal awards:

None